

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

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In re:

PROMESA
Title III

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

No. 17 BK 3283-LTS

THE COMMONWEALTH OF PUERTO RICO,
et al.,

(Jointly Administered)

Debtors.¹

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NOTICE OF CORRESPONDENCE FROM UNIDENTIFIED INDIVIDUAL(S)

The Court has received the attached correspondence from unidentified individual(s) in connection with the above-captioned cases. As a matter of policy, the Court does not review anonymous material and is posting such correspondence on the docket for the purposes of completion.

Dated: July 19, 2017

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).



Puerto Rico & Fiscal Responsibility

Anony Mous

to:

swaindprcorresp

07/13/2017 05:37 PM

Hide Details

From: Anony Mous <anonconcernedinvestor@gmail.com>

To: swaindprcorresp@nysd.uscourts.gov

Honorable Judge Taylor Swain,

First off, I would like to congratulate you for being selected to oversee the extremely complex legal disputes regarding Puerto Rico's fiscal woes. Moreover, I would like to thank you for agreeing to undertake such a monumental task; I've been following the hearings and believe you have done an excellent job of expediting the legal proceedings and assembling an incredibly capable team to further assist in the resolution of what hopefully ends up being beneficial to all Puerto Rico stakeholders.

I apologize in advance for using a pseudonym; I honestly can't risk revealing my identity (not for legal reasons but for personal and professional ones). This being said, I'm both a bondholder and a resident of Puerto Rico. As such, I honestly benefit from either increased collections by creditors or an economic expansion. Therefore, I honestly don't side with either debtors or creditors; I just want justice for all and, more importantly, fairness in delivering the latter, something you have consistently shown to favor.

The reason I'm reaching out to you is to express my concern that the legal disputes so far have centered primarily around Puerto Rico's debt. There has been few, if any, discussions regarding fiscal responsibility. I understand that once PROMESA Title III proceedings start we may finally see some work done to force the local government, and its instrumentalities, into adopting a healthy diet. I would like to emphasize the word "healthy" because I'm more than convinced that there is a lot that can be done in order to reduce superfluous expenses without sacrificing economic growth, payrolls, and pensions.

For example, we have 78 municipalities, most of which have independent and overlapping departments. This means roughly 78 HR departments, 78 accounting departments, 78 yearly audits, 78 sport complexes (most within a few minutes drive of each other), 78 town halls and their support staff, etc. I think you catch my drift; you can easily consolidate most of these functions without laying off a single employee and still save a considerable amount of money, not to mention provide more efficient resources. Mayors basically run this country due to their influence over and proximity to voters.

7/14/2017

Therefore, any proposed change to their current regimen has been repeatedly shot down by the legislature, among others. I'm not advocating for the consolidation of municipalities, I'm advocating for the consolidation of services in order to better utilize the resources that are spread out throughout these seemingly independent bodies. This would not only result in savings but would increase the quality of the aforementioned services for all. In addition, we have over 130 agencies; the story is pretty much the same when it comes to these as well.

These are just a few of the multiple examples of excessive public spending. More so, there are others that are borderline absurd. If you don't mind, I'd like to walk you through a few:

- Most, if not all, agency heads and mayors have 24hr escorts, some with protection detail. That's over 200 brand new Chevy Tahoes (or similar) every few years and roughly \$40mm/yr in personnel costs. I understand the importance of some of these government "perks" but can we seriously justify the need for this? Especially considering that most private citizens carry a far more onerous work schedule than most of these government officials without the need for such services.
- The legislature recently passed a law that allows mayors to retire after two terms. That's a measly 8 years of service. The same thing applies to Senators and Representatives. It's no wonder our pension systems are depleted; how can you expect to pay someone's pension for 30 years if they only contributed for 8. The math simply doesn't add up.
- In light of a fiscal crisis, lawmakers just increased (after several previous increases) their meal allowances by 10% to an average of \$93.50 per day. I've never seen such a thing in the private sector (except in very limited circumstances) and honestly believe that it's outrageous. It's no wonder they are routinely spotted at the fanciest restaurants on island.

As I previously mentioned, this is just a very limited subset of examples of public waste, which brings me to my next point. The approved budget and fiscal plan blatantly overlooks an enormous amount of squandering of taxpayers' hard earned money. Despite record revenues and a complete disregard for contractual obligations, the Government of Puerto Rico has approved significantly increased spending and, more bizarrely, the Oversight Board has blessed this despite their mandated objective of establishing fiscal responsibility.

To add insult to injury, we, both creditors and citizens of Puerto Rico, have been provided with financial information that has been proven to be materially misleading. This incorrect information has been used to craft budgets and fiscal plans that do nothing to tackle government waste and, incredibly, actually foster more of it. For example, the "supposed" reduction in the operating expenses of the central government is nothing more than an exchange in payments to municipalities and agencies in lieu of covering their pension contributions. The recent memo issued by the Governor calls for these entities to pay a "PayGo Charge" but nowhere in the budget do we see this revenue line item. They're basically using crafty accounting to appear to comply with the Board's requirements to reduce operating costs.

Honorable Judge Taylor Swain, I have great faith in both your and your team's ability to uphold the law. I'm impartial as to how the "pie" is distributed so long as it is done fairly and in accordance, to the extent possible, with the law. So far I have seen no efforts to implement fiscal responsibility, just veiled attempts to make it seem so; nothing more than accounting gimmicks coupled with inaccurate information.

I very much hope that the discovery process will shed light on the multitude of areas where Puerto Rico can improve its finances in order to stop unnecessary waste and use the funds for far more productive

endeavors, such as reigniting the economy. I'm confident that your court won't allow such brazen displays of inefficiency to go unnoticed and, hopefully, correct them for the benefit of all Puerto Rico stakeholders.

Best Regards,
A.